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King: Cigarette smugglers funneling money to overseas terror groups
Report identifies New York State as “safe haven” for illicit smuggling rings

Washington, D.C. (April 29, 2008)—Today, U.S. Rep. Peter T. King (R-NY), Ranking Member of the Committee on Homeland Security, called for immediate investigations and Congressional hearings to examine local and national cigarette-smuggling operations that are reportedly diverting funds to terrorist organizations overseas.

King’s remarks coincide with the release of a Committee Republican Staff report—ordered by the New York Congressman—that finds illicit cigarette smugglers in New York State and elsewhere are sending large sums of cash to foreigners with terrorist ties. The total funding is estimated to be in the millions of dollars. The report also notes that New York State’s policy of “forbearance,” or refusing to collect on sales of Native American tax-free cigarettes to non-Native Americans, has in essence created a safe haven for smugglers.

“This is a very serious homeland security issue, one that has gone unnoticed for far too long,” King said. “Cigarette smugglers are able to generate millions of dollars in illegal profits, with a great deal of this wealth being sent to terrorist groups overseas—groups that would like nothing more than to inflict devastating harm on our country and its citizens. These cigarette smugglers must be stopped, and I call on both New York State and Congress to take immediate action.”

The report found that a well-organized illicit cigarette operation, smuggling and sales profits included, can generate up to \$300,000 per week, and identified three recent cases in which cigarette smugglers were tied to overseas terrorist groups. These closed cases alone cited hundreds of thousands of dollars in cash being funneled to terror groups. Law enforcement officials estimate that the total figure is in the millions of dollars annually.

Furthermore, the report noted that New York State is forfeiting anywhere from \$436 million to \$576 million in tax revenues annually as a result of its policy of forbearance.

“We can no longer allow New York State to look the other way when it comes to cigarette smuggling,” King said. “The State is losing hundreds of millions of dollars in tax

revenue; and given the current budget shortfalls, this would seem to be more than enough reason to put the so-called policy of forbearance out of its misery.

“But this is more than just a matter of lost revenue. It is a matter of national security. Cigarette smuggling in New York State must be brought to an end immediately.”

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